

**Town of Vivian  
Vivian, Louisiana  
Financial Statement with Auditors' Report  
As of and For the Year Ended June 30, 2014**

Town of Vivian  
Vivian, Louisiana

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## Independent Auditors' Report

Honorable Mayor and Board of Aldermen  
Town of Vivian, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vivian, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Vivian, Louisiana, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 10 and 43 - 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Vivian's basic financial statements. The accompanying supplemental schedule shown on page 46 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplemental schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2015, on our consideration of the Town of Vivian, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Vivian's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
February 11, 2015

## **TOWN OF VIVIAN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Town of Vivian's financial performance provides an overview of the Town of Vivian's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the Town's financial statements, which begin on page 11.

#### **FINANCIAL HIGHLIGHTS**

- The Town of Vivian's net position of our governmental activities increased by \$463,278 or 7%. The Town of Vivian's net position of our business-type activities increased by \$53,805 or 2%.
- In the Town's governmental activities, total general and program revenues were \$2,829,380 in 2014 compared to \$2,556,033 in 2013. Total expenses, excluding depreciation, totaled \$1,949,207 for the year ended June 30, 2014 compared to \$1,952,825 for 2013.
- In the Town's business-type activities, revenues increased by \$255,710, while expenses increased by \$48,075.
- In the Town's governmental activities, revenues increased by \$273,347, while expenses increased by \$33,052.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Town of Vivian as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Vivian's operations in more detail than the government-wide statements by providing information about the Town of Vivian's most significant funds.

#### **Reporting the Town of Vivian, Louisiana as a Whole**

Our analysis of the Town of Vivian as a whole begins on page 11. One of the most important questions asked about the Town of Vivian's finances is "Is the Town of Vivian as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Vivian as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Vivian's *net position* and changes in it. You can think of the Town of Vivian's net position – the difference between assets and liabilities – as one way to measure the Town of Vivian's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Vivian's net position is one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

**Governmental activities** – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

**Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system are reported here.

### **Reporting the Town's Most Significant Funds**

Our analysis of the major funds maintained by the Town of Vivian begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds maintained by the Town of Vivian – not the Town of Vivian as a whole. The Town of Vivian's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

**Governmental funds** – Most of the Town of Vivian's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town of Vivian's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Vivian's expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**Proprietary funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## TOWN OF VIVIAN AS A WHOLE

The Town of Vivian's combined net position changed from a year ago, increasing from \$9,832,101, as restated, to \$10,349,184. A comparative analysis of the funds maintained by the Town of Vivian is presented below.

**Table 1**  
**Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	1,499,915	1,698,004	743,891	651,485	2,243,806	2,349,489
Capital Assets	8,275,731	7,277,076	6,214,984	6,403,546	14,490,715	13,680,622
Total Assets	9,775,646	8,975,080	6,958,875	7,055,031	16,734,521	16,030,111
Current Liabilities	709,806	272,621	144,442	198,591	946,670	471,212
Long-term Liabilities	2,010,678	2,110,575	3,520,411	3,616,223	5,438,667	5,726,798
Total Liabilities	2,720,484	2,383,196	3,664,853	3,814,814	6,385,337	6,198,010
Net Position:						
Net Investment in Capital Assets	6,569,110	5,575,499	2,718,141	2,811,732	9,287,251	8,387,231
Restricted	187,460	221,774	137,630	107,788	325,090	329,562
Unrestricted	298,592	794,611	438,251	320,697	736,843	1,115,308
Total Net Position	7,055,162	6,591,884	3,294,022	3,240,217	10,349,184	9,832,101

Net position of the Town of Vivian's governmental activities increased by \$463,278 or 7%. Net position of the Town of Vivian's business-type activities increased by \$53,805 or 2%.



**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	58,925	59,875	1,372,301	1,168,768	1,431,226	1,228,643
Operating grants and contributions	510	5,114			510	5,114
Capital grants and contributions	795,504	377,985	120,830	77,500	916,334	455,485
General revenues:						
Taxes	1,600,561	1,729,140	58,630	53,788	1,659,191	1,782,928
Licenses and permits	127,332	116,179			127,332	116,179
Franchise taxes	110,912	116,167			110,912	116,167
Oil and gas income	20,093	20,793			20,093	20,793
Investment earnings	3,682	8,169	4,009	3,981	7,691	12,150
Other	111,861	122,611	15,476	11,499	127,337	134,110
Total Revenues	2,829,380	2,556,033	1,571,246	1,315,536	4,400,626	3,871,569
<b>Expenses:</b>						
General government	585,681	603,418			585,681	603,418
Public safety	857,541	861,841			857,541	861,841
Public works	522,586	463,631			522,586	463,631
Town Services	119,422	95,938			119,422	95,938
Recreation	164,663	180,023			164,663	180,023
Interest on long-term debt	75,450	87,440			75,450	87,440
Water and Sewer Utility			1,558,200	1,510,125	1,558,200	1,510,125
Total expenses	2,325,343	2,292,291	1,558,200	1,510,125	3,883,543	3,802,416
<b>Transfers</b>	(40,759)	(623,808)	40,759	623,808		
<b>Increases (decreases) in net position</b>	463,278	(360,066)	53,805	429,219	517,083	69,153

The Town of Vivian's total revenues increased by \$529,057 or 14%. The total cost of all programs and services increased by \$81,127 or 2%. Our analysis below separately considers the operations of the governmental and business-type activities.

### **Governmental Activities**

Total revenues for the governmental activities increased \$273,347 from total revenues in the year ended June 30, 2013 of \$2,556,033 to total revenues of \$2,829,380 in the year ended June 30, 2014.

The cost of all governmental activities this year was \$2,325,343. These costs were covered by \$854,939 of program revenues, with the remaining costs covered by grants, property taxes, sales taxes, and other general revenues.

### **Business-type Activities**

Total revenues for the business-type activities increased \$255,710 from total revenues in year ended June 30, 2013 of \$1,315,536 to total revenues of \$1,571,246 in the year ended June 30, 2014.

The cost of all business-type activities this year was \$1,558,200. These costs were covered by program revenues of \$1,493,131, consisting of charges for services assessed to users and capital grants, with the remaining costs covered by property taxes and transfers in from the General fund.

## **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a *combined* fund balance of \$730,808, which is less than last year's fund balance of \$1,414,774.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended June 30, 2014. There was one amendment to the budget during the year. The Town's budgetary comparison is presented as required supplementary information beginning on page 43. Highlights for the year are as follows:

- Transfers out on the General Fund were not budgeted.
- Intergovernmental revenues – grants from state and federal governments were not budgeted. Also, the associated expenditures for those grants were not budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2014 and 2013, the Town of Vivian had invested \$14,490,715 and \$13,680,623, respectively in capital assets. (see table 3 below)

**Table 3**  
**Capital Assets At Year End**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	1,750,487	55,068	64,086	64,086	1,814,573	119,154
CIP	1,247,785	1,750,487	151,851	123,471	1,399,636	1,873,958
Buildings	1,352,114	1,408,483			1,352,114	1,408,483
Improvements	1,525,112	1,445,344			1,525,112	1,445,344
Infrastructure	2,098,561	2,297,456	5,999,047	6,215,770	8,097,608	8,513,226
Vehicles and equipment	301,672	320,239			301,672	320,239
Total assets (net)	8,275,731	7,277,077	6,214,984	6,403,327	14,490,715	13,680,404

This year's major additions include:

Vehicle and equipment	\$ 132,773
Construction in progress	1,221,097
Improvements	124,535
Total	<u>\$ 1,478,405</u>

More detailed information about the capital assets are presented in Note 7 to the Financial Statements.

## DEBT

At year-end, the Town had \$5,456,120 in bonds, notes, and other debt outstanding, versus \$5,702,816 last year - a decrease of 4%.

**Table 4**  
**Outstanding Debt At Year End**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Water & Sewer Revenue Bonds			3,135,598	3,183,879	3,135,598	3,183,879
Certificate of Indebtedness	1,702,963	1,928,900			1,702,963	1,928,900
Economic Development						
Award Program	160,234	166,082			160,234	166,082
Cooperative endeavor agreement	92,422				92,422	
Capital Leases			354,403	395,039	354,403	395,039
Notes Payable	3,658	16,020	6,842	12,896	10,500	28,916
Totals	1,959,277	2,111,002	3,496,843	3,591,814	5,456,120	5,702,816

State law restricts the amount of debt that the Town of Vivian may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the parish. The Town of Vivian's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt are presented in Note 12 to the Financial Statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Town of Vivian's management considered many factors when setting the fiscal year June 30, 2015 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2015 are expected to remain substantially the same.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town of Vivian and to show the Town of Vivian's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Mayor at P.O. Box 832, Vivian, LA 71082.

Town of Vivian  
Vivian, Louisiana  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 758,952	\$ 193,350	\$ 952,302
Investments	332,815	106,139	438,954
Receivables (net of allowance for uncollectibles)	396,340	157,884	554,224
Prepaid expenses	59,301	5,562	64,863
Internal balances	(47,493)	47,493	
Restricted assets:			
Cash and cash equivalents		192,295	192,295
Investments		41,168	41,168
Capital assets not being depreciated	2,998,272	215,937	3,214,209
Depreciable capital assets, net	<u>5,277,459</u>	<u>5,999,047</u>	<u>11,276,506</u>
Total assets	<u>9,775,646</u>	<u>6,958,875</u>	<u>16,734,521</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	709,806	54,982	764,788
Payable from restricted assets:			
Customer deposits		89,460	89,460
Non-current liabilities:			
Due within one year	209,940	54,188	264,128
Due in more than one year	<u>1,800,738</u>	<u>3,466,223</u>	<u>5,266,961</u>
Total liabilities	<u>2,720,484</u>	<u>3,664,853</u>	<u>6,385,337</u>
<b>Net Position</b>			
Net investment in capital assets	6,569,110	2,718,141	9,287,251
Restricted for:			
Industrial development	187,460		187,460
Debt service		137,630	137,630
Unrestricted	<u>298,592</u>	<u>438,251</u>	<u>736,843</u>
Total net position	<u>\$ 7,055,162</u>	<u>\$ 3,294,022</u>	<u>\$ 10,349,184</u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions / Programs:</b>							
<b>Governmental Activities</b>							
General government	\$ 585,681	\$	\$ 510	\$ 795,504	\$ 210,333	\$	\$ 210,333
Public safety	857,541	58,925			(798,616)		(798,616)
Public works	522,586				(522,586)		(522,586)
Town services	119,422				(119,422)		(119,422)
Recreation	164,663				(164,663)		(164,663)
Interest on long-term debt	75,450				(75,450)		(75,450)
Total governmental activities	2,325,343	58,925	510	795,504	(1,470,404)		(1,470,404)
<b>Business-type Activities</b>							
Utility	1,558,200	1,372,301		120,830		(65,069)	(65,069)
Total business-type activities	1,558,200	1,372,301		120,830		(65,069)	(65,069)
Total Government	\$ 3,883,543	\$ 1,431,226	\$ 510	\$ 916,334	(1,470,404)	(65,069)	(1,535,473)
<b>General revenues:</b>							
					1,600,561	58,630	1,659,191
					127,332		127,332
					110,912		110,912
					20,093		20,093
					3,682	4,009	7,691
					111,861	15,476	127,337
					(40,759)	40,759	
Total general revenues					1,933,682	118,874	2,052,556
Change in net position					463,278	53,805	517,083
Net position - beginning - restated					6,591,884	3,240,217	9,832,101
Net position - ending					\$ 7,055,162	\$ 3,294,022	\$ 10,349,184

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Sales Tax	Vivian Industrial Development	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 270,661	\$ 108,178	\$ 380,113	\$ 758,952
Investments	332,815			332,815
Receivables	284,750	111,590		396,340
Due from other funds	190,491		72,304	262,795
<b>Total assets</b>	<b>\$ 1,078,717</b>	<b>\$ 219,768</b>	<b>\$ 452,417</b>	<b>\$ 1,750,902</b>
<b>Liabilities and Fund Balances (Deficit)</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 675,306	\$	\$ 34,500	\$ 709,806
Due to other funds	67,493	237,496	5,299	310,288
<b>Total liabilities</b>	<b>742,799</b>	<b>237,496</b>	<b>39,799</b>	<b>1,020,094</b>
<b>Fund balances (deficit):</b>				
<b>Restricted:</b>				
Capital projects				
Industrial development			412,618	412,618
Unassigned	335,918	(17,728)		318,190
<b>Total fund balances</b>	<b>335,918</b>	<b>(17,728)</b>	<b>412,618</b>	<b>730,808</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 1,078,717</b>	<b>\$ 219,768</b>	<b>\$ 452,417</b>	<b>\$ 1,750,902</b>

The accompanying notes are an integral part of this statement.



Town of Vivian  
Vivian, Louisiana  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2014

Fund balances - total governmental funds	\$ 730,808
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,275,731
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	59,301
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Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,010,678)</u>
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Net position of governmental activities	<u><u>\$ 7,055,162</u></u>
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The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014

	General	Sales Tax	Vivian Industrial Development	Total Governmental Funds
Revenues:				
Taxes	\$ 256,696	\$ 1,343,865	\$	\$ 1,600,561
Oil and gas income	20,093			20,093
Licenses and permits	127,332			127,332
Intergovernmental	742,666		47,500	790,166
Fines and forfeitures	58,925			58,925
Franchise taxes	110,912			110,912
Investment earnings	2,916	33	733	3,682
Miscellaneous	73,861		38,000	111,861
Total revenues	<u>1,393,401</u>	<u>1,343,898</u>	<u>86,233</u>	<u>2,823,532</u>
Expenditures:				
Current:				
General government	327,207	13,643		340,850
Public safety	820,741			820,741
Public works	306,402			306,402
Town services	119,535			119,535
Recreation	150,028			150,028
Economic development			133,065	133,065
Capital Outlay	1,250,255		124,535	1,374,790
Debt service:				
Principal retirement	238,300		2,000	240,300
Interest and other charges	75,450			75,450
Total expenditures	<u>3,287,918</u>	<u>13,643</u>	<u>259,600</u>	<u>3,561,161</u>
Excess (deficiency) of revenues over expenditures	<u>(1,894,517)</u>	<u>1,330,255</u>	<u>(173,367)</u>	<u>(737,629)</u>
Other financing sources (uses):				
Debt proceeds			94,422	94,422
Transfers in	1,196,224		132,914	1,329,138
Transfers out	(40,759)	(1,329,138)		(1,369,897)
Total other financing sources (uses)	<u>1,155,465</u>	<u>(1,329,138)</u>	<u>227,336</u>	<u>53,663</u>
Net change in fund balances	(739,052)	1,117	53,969	(683,966)
Fund balances (deficit) at beginning of year	<u>1,074,970</u>	<u>(18,845)</u>	<u>358,649</u>	<u>1,414,774</u>
Fund balances (deficit) at end of year	<u>\$ 335,918</u>	<u>\$ (17,728)</u>	<u>\$ 412,618</u>	<u>\$ 730,808</u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds	\$ (683,966)
--	--------------

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,374,790) exceeded depreciation (\$376,136) in the current period.	998,654
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. This is the amount by which principal payments on debt exceeded proceeds received from debt issued.	151,726
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	<u>(3,136)</u>
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Change in net position of governmental activities	<u>\$ 463,278</u>
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The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Business-Type Activities- Enterprise Funds
<b>Assets</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 193,350
Investments	106,139
Receivables (net of allowance for uncollectibles)	157,884
Due from other funds	67,493
Prepaid expenses	5,562
Restricted cash and cash equivalents - customer deposits	54,665
Restricted investments - customer deposits	41,168
<b>Total current assets</b>	<b>626,261</b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents - debt service	137,630
<b>Capital assets:</b>	
Land	64,086
Construction in process	151,851
Plant and equipment	11,244,156
Less: accumulated depreciation	(5,245,109)
<b>Total noncurrent assets</b>	<b>6,352,614</b>
<b>Total assets</b>	<b>\$ 6,978,875</b>
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 54,982
Due to other funds	20,000
Note payable	6,308
Water and Sewer revenue bonds	47,880
<b>Payable from restricted assets:</b>	
Customer deposits	89,460
<b>Total current liabilities</b>	<b>218,630</b>
<b>Noncurrent liabilities:</b>	
Capital lease	354,403
Water and Sewer revenue bonds	3,087,718
Note payable	534
Compensated absences	23,568
<b>Total noncurrent liabilities</b>	<b>3,466,223</b>
<b>Total liabilities</b>	<b>3,684,853</b>
<b>Net position</b>	
Net investment in capital assets	2,718,141
<b>Restricted:</b>	
Debt service	137,630
<b>Unrestricted</b>	<b>438,251</b>
<b>Total net position</b>	<b>3,294,022</b>
<b>Total liabilities and net position</b>	<b>\$ 6,978,875</b>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-Type Activities- Enterprise Funds
Operating revenues:	
Water sales	\$ 750,534
Sewerage service charges	297,212
Garbage charges	258,135
Delinquent charges	66,420
Miscellaneous revenues	15,476
Total operating revenues	<u>1,387,777</u>
Operating expenses:	
General and administrative expenses	166,763
Water department expenses	480,781
Sewer department expenses	219,041
Garbage department expense	238,941
Depreciation expense	291,958
Total operating expenses	<u>1,397,484</u>
Operating income (loss)	<u>(9,707)</u>
Non-operating revenues (expenses):	
Ad valorem taxes	58,630
Interest income	4,009
Interest expense	(160,716)
Total non-operating revenues	<u>(98,077)</u>
Income (loss) before capital contributions and transfers	(107,784)
Capital contributions	120,830
Transfers in	<u>40,759</u>
Change in net position	53,805
Net position - beginning of year - restated	<u>3,240,217</u>
Net position - end of year	<u><u>\$ 3,294,022</u></u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-Type Activities- Enterprise Funds
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,333,120
Cash payments to suppliers for goods and services	(964,405)
Cash payments to employees for services	(206,378)
Other receipts (payments)	15,410
Net Cash From Operating Activities	<u>177,747</u>
Cash Flows From Non-Capital Financing Activities	
Transfers from other funds	40,759
Ad valorem taxes	58,630
Net Cash from Non-capital Financing Activities	<u>99,389</u>
Cash Flows From Capital and Related Financing Activities	
Capital contributions	120,830
Acquisition/construction of capital assets	(103,615)
Principal paid on capital debt	(94,971)
Interest paid on capital debt	(160,422)
Net Cash (used in) Capital and Related Financing Activities	<u>(238,178)</u>
Cash Flow From Investing Activities	
Purchase of investments	(2,663)
Interest income	4,009
Net Cash from Investing Activities	<u>1,346</u>
Net increase in cash and cash equivalents	40,304
Cash, Beginning of year	<u>345,341</u>
Cash, End of year	<u><u>\$ 385,645</u></u>
Cash and cash equivalents are reflected on the statement of net position as follows:	
Cash and cash equivalents	\$ 193,350
Restricted cash and cash equivalents - customer deposits	54,665
Restricted cash and cash equivalents - debt service	137,630
	<u><u>\$ 385,645</u></u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ (9,707)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	291,958
Accounts receivable	(8,850)
Prepaid expense	6,960
Due from other funds	(47,549)
Accounts payable and accrued expenses	(56,211)
Compensated absences	(841)
Customer deposits	1,987
Net Cash Flows From Operating Activities	<u><u>\$ 177,747</u></u>

The accompanying notes are an integral part of this statement.

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014

## INTRODUCTION

The Town of Vivian was incorporated on February 12, 1912 under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

### (1) Summary of Significant Accounting Policies

The Town of Vivian's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Vivian are discussed below.

#### A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Vivian is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Vivian), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Vivian are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Town of Vivian for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. There were no entities that were determined to be component units of the Town of Vivian.

**B. Basic Financial Statements – Government-Wide Statements**

The Town of Vivian's basic financial statements include both government-wide (reporting the funds maintained by the Town of Vivian as a whole) and fund financial statements (reporting the Town of Vivian's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's sales tax fund, industrial development fund, and general fund are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Vivian's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Vivian's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function.

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services. The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town of Vivian as an entity and the change in the Town of Vivian's net assets resulting from the current year's activities.

(Continued)



Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Vivian are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Vivian:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Vivian:
  - a. General fund is the general operating fund of the Town of Vivian. It is used to account for all financial resources except those required to be accounted for in another fund.
  - b. Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to specific purposes.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
  - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund – accounts for the proceeds of sales taxes levied for industrial development, street and drainage improvements, recreational programs, and public safety.

Enterprise Fund – accounts for the provision of water and sewer services of the Town.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

Vivian Industrial Development - accounts for the proceeds of sales taxes levied that are legally restricted to expenditures for specific purposes

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. Budget and Budgetary Accounting**

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budgets for the year ended June 30, 2014.

**F. Cash, Cash Equivalents, and Investments**

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**G. Capital Assets**

Capital assets purchased or acquired are reported at historical cost or estimated historical cost based on the following threshold levels for capitalizing assets:

Land	\$	1
Land improvements	\$	10,000
Buildings	\$	10,000
Vehicles, machinery, and equipment	\$	5,000
Infrastructure	\$	25,000

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on specific project related debt, during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed.

Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20–40 years
Equipment	5–15 years
Water and sewer systems	25 years
Outdoor and playground equipment	20 years
Infrastructure	40–50 years

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

In accordance with GASB Statement No. 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement No. 34 forward and will not retroactively capitalize infrastructure.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Caddo Parish Tax Assessor determines assessed values of property and generates bills for property taxes. The Town mails and collects the taxes. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Town's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the board of alderman (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. *Unassigned fund balance are the residual classification for the Town's general fund and include all spendable amounts not contained in the other classifications.*

The Town's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

**K. Sales Taxes**

Proceeds of a 1% sales and use tax levied by the Town of are dedicated to the following purposes:

1. Providing funds in the amount of 25% of the proceeds of such tax each year for constructing, acquiring, improving, and/or maintaining industrial parks and buildings and equipment to induce the location of industry in the Town.
2. Providing funds in the amount of 25% of the proceeds of such tax for such year to the General Fund of the Town to be used for any lawful corporate purpose.
3. The remaining proceeds are to be used for street improvements and/or recreational programs.

Proceeds of another 1% sales and use tax levied by the Town of Vivian are dedicated to the Police Department to be used for any lawful corporate purpose.

Proceeds of another 1/2% sales and use tax levied by the Town of Vivian are dedicated for the purpose of opening, paving, constructing and improving public streets and bridges, including drainage incidental thereto, and further authority to fund the proceeds of the tax into bonds for the aforesaid purposes.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

L. Compensated Absences

The Town's policy is to pay accumulated sick leave and vacation leave upon termination or retirement. Vesting of sick leave and accumulation of vacation leave are dependent on the employee's year of service and other criteria in accordance with the Town's policies. Unused vacation and sick days earned during the calendar year not taken during the year will be paid to an employee upon termination of employment during same calendar year.

M. Interfund Activity

*Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.*

N. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

P. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Q. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

R. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

S. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Town has no transactions that meet the definition of deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Town has no transactions that meet the definition of deferred inflows of resources.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(2) New Accounting Standards

Effective July 1, 2013, The Town of Vivian implemented GASB Statement No. 65, "*Items previously reported as assets and liabilities.*" This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

(3) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	14.86	14.86	N/A
Streets	2.79	2.79	2017
Sewer Maintenance	2.79	2.79	2017
Water Maintenance	1.40	1.40	2017

(4) Cash, Cash Equivalents, and Investments

At June 30, 2014, the Town has cash, cash equivalents, and investments (book balances), totaling \$1,624,719, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2014 (book balances) totaled \$1,144,597 of which \$192,295 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

(Continued)



Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

**B. Investments**

At June 30, 2014, the Town had investments totaling \$480,122 of which \$41,168 is shown as a restricted asset.

Certificates of deposit	\$ <u>480,122</u>
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The certificates of deposit have initial maturities greater than 90 days and are carried at cost, which approximates market.

**C. Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2014, \$1,103,944 of the Town's bank balances totaling \$1,709,826 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging  
bank's trust department not in the Town's name:

	2014
Cash and cash equivalents	\$ 945,587
Investments	<u>158,357</u>
	<u>\$ 1,103,944</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, as amended by GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(5) Receivables

The following is a summary of receivables at June 30, 2014:

<u>Class of Receivable</u>	<u>2014</u>
Governmental activities –	
Property taxes	\$ 77,420
Grants	253,278
Miscellaneous	4,488
Sales taxes	111,590
Franchise taxes	25,429
Allowance for Uncollectibles	<u>( 75,865)</u>
	<u>396,340</u>
Business-type activities –	
Accounts receivable – water and sewer charges	\$ 200,845
Miscellaneous	777
Allowance for Uncollectibles	<u>( 43,738)</u>
	<u>157,884</u>
Total	<u>\$ 554,224</u>

(6) Restricted Assets

Restricted assets were applicable to the following at June 30, 2014:

	<u>Business-Type Activities</u>
Customer Deposits	\$ 95,833
Debt service	<u>137,630</u>
	<u>\$ 233,463</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance at 7/1/2013	Additions	Deletions	Balance at 6/30/2014
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 55,068	\$ 1,192,717	\$	\$ 1,247,785
Land	1,750,487			1,750,487
Total capital assets, not being depreciated	1,805,555	1,192,717		2,998,272
Capital assets, being depreciated:				
Buildings	2,181,000			2,181,000
Improvements	1,735,398	124,535		1,859,933
Infrastructure	2,788,827			2,788,827
Vehicles and equipment	1,515,176	57,538		1,572,714
Total capital assets, being depreciated	8,220,401	182,073		8,402,474
Less accumulated depreciation:				
Buildings	(772,517)	(56,369)		(828,886)
Improvements	(290,054)	(44,767)		(334,821)
Infrastructure	(491,371)	(198,895)		(690,266)
Vehicles and equipment	(1,194,937)	(76,105)		(1,271,042)
Total accumulated depreciation	(2,748,879)	(376,136)		(3,125,015)
Total capital assets, being depreciated, net	5,471,522	(194,063)		5,277,459
Governmental activities capital assets, net	\$ 7,277,077	\$ 998,654	\$	\$ 8,275,731

Depreciation expense was charged to Governmental Activities as follows:

General government	\$ 110,121
Public safety	216,638
Public works	35,274
Recreation	14,103
	<u>\$ 376,136</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

	Balance at 7/1/2013	Additions	Deletions	Balance at 6/30/2014
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 123,471	\$ 28,380	\$	\$ 151,851
Land	64,086			64,086
Total capital assets, not being depreciated	187,557	28,380		215,937
Capital assets, being depreciated:				
Administration	76,489			76,489
Water equipment	7,400,239	22,335		7,422,574
Sewer equipment	3,692,193	52,900		3,745,093
Total capital assets, being depreciated	11,168,921	75,235		11,244,156
Less accumulated depreciation:				
Administration	(76,489)			(76,489)
Water equipment	(2,666,885)	(206,683)		(2,873,568)
Sewer equipment	(2,209,777)	(85,275)		(2,295,052)
Total accumulated depreciation	(4,953,151)	(291,958)		(5,245,109)
Total capital assets, being depreciated, net	6,215,770	(216,723)		5,999,047
Business-type activities capital assets, net	\$ 6,403,327	\$ (188,343)	\$	\$ 6,214,984

Depreciation expense was charged to Business-Type Activities as follows:

Water	\$ 206,683
Sewer	85,275
	<u>\$ 291,958</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2014, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 676,532	\$ 39,597	\$ 716,129
Salaries and payroll taxes	25,047	4,109	29,156
Accrued interest	5,944	3,679	9,623
Compensated absences	2,283	7,597	9,880
Total	<u>\$ 709,806</u>	<u>\$ 54,982</u>	<u>\$ 764,788</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$89,460 at June 30, 2014.

(10) Interfund Transfers

Interfund transfers for the year ended June 30, 2014 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Governmental Funds:		
General	\$ 1,196,224	\$ 40,759
Sales Tax	—	1,329,138
Vivian Industrial Development	132,914	
Total Governmental Funds	<u>1,329,138</u>	<u>1,369,897</u>
Enterprise Funds	40,759	—
Total	<u>\$ 1,369,897</u>	<u>\$ 1,369,897</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(11) Interfund Balances

Interfund balances at June 30, 2014 consisted of the following:

	<u>Due From Other Fund</u>	<u>Due To Other Fund</u>	<u>Net</u>
Governmental Funds:			
General	\$ 190,491	\$ 67,493	\$ 122,998
Sales tax	-	237,496	( 237,496)
Vivian Industrial Development	<u>72,304</u>	<u>5,299</u>	<u>67,005</u>
Total Governmental Funds	<u>262,795</u>	<u>310,288</u>	<u>( 47,493)</u>
Enterprise Funds	<u>67,493</u>	<u>20,000</u>	<u>47,493</u>
Total	<u>\$ 330,288</u>	<u>\$ 330,288</u>	<u>\$ -</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(12) Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Certificates of Indebtedness	\$ 1,928,900	\$	\$ (225,937)	\$ 1,702,963	\$ 149,877
Notes payable	16,020		(12,362)	3,658	3,658
Economic Development Award Program (EDAP)	166,082		(5,848)	160,234	8,719
Cooperative endeavor agreement		94,422	(2,000)	92,422	24,000
Other long-term Liabilities - Compensated Absences	<u>48,978</u>	<u>30,675</u>	<u>(25,969)</u>	<u>53,684</u>	<u>25,969</u>
Total - Governmental Activities long-term liabilities	<u>\$ 2,159,980</u>	<u>\$ 125,097</u>	<u>\$ (272,116)</u>	2,012,961	212,223
Less amounts due within period of availability				<u>(2,283)</u>	<u>(2,283)</u>
Total long-term liabilities, Government-wide statements				<u>\$ 2,010,678</u>	<u>\$ 209,940</u>

Payments on certificates of indebtedness are made from the general fund. Payments on notes payable are made from the general fund. Payments on compensated absences are made by the fund for which the employee worked.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Water and Sewer Revenue Bonds	\$ 3,183,879	\$	\$ (48,281)	\$ 3,135,598	\$ 47,880
Other long-term liabilities -					
Capital lease	395,039		(40,636)	354,403	
Notes payable	12,896		(6,054)	6,842	6,308
Compensated Absences	<u>32,247</u>	<u>30,083</u>	<u>(31,165)</u>	<u>31,165</u>	<u>7,597</u>
Total - Business-type Activities long-term liabilities	<u>\$ 3,624,061</u>	<u>\$ 30,083</u>	<u>\$ (126,136)</u>	3,528,008	61,785
Less amounts due within period of availability				<u>(7,597)</u>	<u>(7,597)</u>
Total long-term liabilities, Government-wide statements				<u>\$ 3,520,411</u>	<u>\$ 54,188</u>

Payments on capital lease, notes payable, and revenue bonds are made from the utility fund. Payments on compensated absences are made by the fund for which the employee worked.

Certificate of Indebtedness

\$2,000,000 dated 11/30/11. Due in quarterly installments  
of \$ 54,117.48 through December 2023; interest at 4.49% \$ 1,702,963

Note Payable –

\$18,233 dated 7/5/12. Due in monthly installments  
of \$538.78 through July 5, 2015;  
interest at 3.99%, secured by a truck \$ 6,842

(Continued)



Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

Note Payable –

\$25,019.04 dated 11/28/11. Due in monthly installments of \$745.27 through November 19, 2014; interest at 4.59%, secured by a vehicle.

\$ 3,658

Water and Sewer Revenue Bonds –

\$3,440,000 dated 04/22/09. Due in monthly installments of \$15,343 through April 2049; interest at 4.38%. Payable from income and revenues derived from the waterworks and sewer system.

\$ 3,135,598

The annual requirements to amortize all debt outstanding at June 30, 2014 were as follows:

Governmental Activities – Certificate of Indebtedness

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 149,877	\$ 66,593
2016	156,039	60,431
2017	162,455	54,014
2018	169,136	47,334
2019	176,090	40,380
2020 - 2024	889,366	87,699
	<u>\$ 1,702,963</u>	<u>\$ 356,451</u>

Governmental Activities – Notes Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	<u>\$ 3,658</u>	<u>\$ 42</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

**Business-type Activities – Notes Payable**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 6,308	\$ 158
2016	534	2
	<u>\$ 6,842</u>	<u>\$ 160</u>

**Business-type Activities – Water and Sewer Revenue Bonds**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 47,880	\$ 136,236
2016	49,647	134,469
2017	52,233	131,883
2018	54,565	129,551
2019	57,000	127,116
2020 – 2024	324,796	595,784
2025 – 2029	404,489	516,091
2030 – 2034	503,231	417,349
2035 – 2039	626,081	294,499
2040 – 2044	778,892	141,688
2045 – 2049	236,784	7,326
	<u>\$ 3,135,598</u>	<u>\$ 2,631,992</u>

**Business-type Activities – Capital Lease**

The Town entered into a Louisiana Municipal Lease-Purchase Agreement for financing automated meter reading system and certain wastewater treatment plant upgrades. The gross amount of assets recorded under this capital lease was \$578,478, the related accumulated depreciation was \$124,584, and the net book value was \$453,894. The lease agreement qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of their future minimum lease payments as of the inception date. The lease was dated May 8, 2006, for \$620,000, and is due in annual installments of \$62,362 through July 10, 2021. The annual payment due in July 2014 was paid by the Town in June 2014.

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2014, was as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ –	\$ –
2016	42,870	19,492
2017	45,228	17,134
2018	47,716	14,647
2019	50,340	12,022
2020 – 2022	168,249	18,838
	<u>\$ 354,403</u>	<u>\$ 82,133</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

**Governmental Activities – Economic Development Award Program**

A cooperative endeavor agreement was entered into and was effective April 15, 2011, by and among the Louisiana Economic Development Corporation, acting through the Louisiana Department of Economic Development (LED); Epic Boats, LLC (Company) and the Town of Vivian (Sponsoring Entity). The parties to the agreement intend to develop an industrial or business development project requiring basic infrastructure, with the funding from the special fund of the State of Louisiana, pursuant to the Economic Development Award Program (EDAP). The EDAP Award in the amount of \$170,000, is justified, starting as a loan which may be converted to a grant if the employment and payroll obligations undertaken by the Company in this agreement are created, retained and maintained as agreed by the Company through the end of the term of this agreement. LED agrees to lend unto Sponsoring Entity \$170,000 with interest rate at the U.S. Treasury Rate for similar bank financing plus 2% per annum and be repaid over a period of 10 years. It is anticipated that this Loan repayment obligation will be repaid by applying to the principal due on the Loan the "Jobs/Payroll Credits" provided by the Company's creation of the required number of jobs as specified by the agreement. The Town – Sponsoring Entity and the Company are bound in solido in connection with this repayment obligation. The Company is the primary obligor and the Town – Sponsoring Entity will be the guarantor in the event of default by the Company. All obligations of the Company described under this agreement are further secured and guaranteed by a certain individual.

The annual requirements to amortize the debt outstanding at June 30, 2014 were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 8,719	\$ 6,634
2016	12,635	6,273
2017	15,425	5,750
2018	18,376	5,111
2019	21,515	4,350
2020 - 2022	83,564	7,158
	<u>\$ 160,234</u>	<u>\$ 35,276</u>

**Governmental Activities – Cooperative Endeavor Agreement**

A cooperative endeavor agreement was entered into between the Town of Vivian and Caddo Ward II Industrial Development Corporation, effective April, 2014. The agreement calls for monthly payments of \$2,000 by the Town to Caddo Ward II Industrial Development Corporation for work performed on Town property. The payments will begin June 1, 2014 and continue until the amount of \$94,422 is paid in full.

The annual requirements to amortize the amount outstanding at June 30, 2014 is as follows:

<u>Fiscal Year</u>	
2015	\$ 24,000
2016	24,000
2017	24,000
2018	20,422
	<u>\$ 92,422</u>

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

(13) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

(14) Pension Plans

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These Systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to the Plans follows:

**Municipal Employees Retirement System of Louisiana (System)**

*The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All eligible employees of the municipality are members of Plan B.*

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service.

Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate was 8 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Notes to Financial Statements  
June 30, 2014  
(Continued)

As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by Town of Vivian actuarial valuation and are subject to change each year based on results of the valuation for the prior fiscal year. The Town contributions to the System under Plan B for the years ending June 30, 2014, 2013, and 2012 were \$32,537, \$31,917, and \$35,236 equal to the required contributions.

(15) Subsequent Events

Subsequent events have been evaluated through February 11, 2015, the date the financial statements were available to be issued.

(16) Litigation and Claims

At June 30, 2014, the Town is involved in several lawsuits. In the opinion of legal counsel for the Town, the outcome of these lawsuits is not presently determinable.

(17) Commitments

The Town entered into contracts for engineering and construction totaling approximately \$1,482,254 for Water and Sewer improvements, roadway improvements, and a sign project. Costs incurred under these contracts as of June 30, 2014, were approximately \$1,343,615.

(18) Prior Period Restatement

Net position for the governmental activities and the business – type activities as of July 1, 2013, has been restated as follows:

	<u>Governmental Activities</u>	<u>Business - type Activities</u>
Net position, June 30, 2013, as previously reported	\$ 6,663,312	\$ 3,273,420
To write off bond issuance costs, in accordance with GASB Statement 65	( 24,803)	( 33,203)
Correct beginning balance on 2011 bond issue	( 46,625)	
Net position, June 30, 2013, restated	<u>\$ 6,591,884</u>	<u>\$ 3,240,217</u>

Town of Vivian  
Vivian, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 260,860	\$ 309,000	\$ 256,696	\$ (52,304)
Fines and forfeitures	75,000	62,000	58,925	(3,075)
Licenses and permits	116,155	130,200	127,332	(2,868)
Franchise taxes	110,000	100,000	110,912	10,912
Oil and gas income	20,000	20,000	20,093	93
Intergovernmental		47,010	742,666	695,656
Investment earnings	10,000	800	2,916	2,116
Miscellaneous	102,200	75,900	73,861	(2,039)
Total revenues	694,215	744,910	1,393,401	648,491
Expenditures:				
Current:				
General government	309,295	351,300	327,207	24,093
Public safety	775,500	810,000	820,741	(10,741)
Public works	210,000	257,600	306,402	(48,802)
Town services	107,405	139,950	119,535	20,415
Recreation	126,200	143,000	150,028	(7,028)
Capital outlay	54,405	216,000	1,250,255	(1,034,255)
Debt service:				
Principal retirement	315,725	385,000	238,300	146,700
Interest and other charges			75,450	(75,450)
Total expenditures	1,898,530	2,302,850	3,287,918	(985,068)
Excess (deficiency) of revenues over expenditures	(1,204,315)	(1,557,940)	(1,894,517)	(336,577)
Other financing sources (uses):				
Transfers in	1,294,139	1,195,000	1,196,224	1,224
Transfers out			(40,759)	(40,759)
Total other financing sources (uses)	1,294,139	1,195,000	1,155,465	(39,535)
Net change in fund balance	89,824	(362,940)	(739,052)	(376,112)
Fund balances at beginning of year	1,828,556	1,828,556	1,074,970	(753,586)
Fund balances at end of year	\$ 1,918,380	\$ 1,465,616	\$ 335,918	\$ (1,129,698)

Town of Vivian  
Vivian, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Sales Tax Fund  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Sales tax	\$ 1,448,006	\$ 1,340,000	\$ 1,343,865	\$ 3,865
Investment earnings	100		33	33
Total revenues	<u>1,448,106</u>	<u>1,340,000</u>	<u>1,343,898</u>	<u>3,898</u>
Expenditures:				
Current:				
General government	<u>14,516</u>	<u>14,000</u>	<u>13,643</u>	<u>357</u>
	<u>14,516</u>	<u>14,000</u>	<u>13,643</u>	<u>357</u>
Excess (deficiency) of revenues over expenditures	<u>1,433,590</u>	<u>1,326,000</u>	<u>1,330,255</u>	<u>4,255</u>
Other financing sources (uses):				
Transfers out	<u>(1,433,490)</u>	<u>(1,328,500)</u>	<u>(1,329,138)</u>	<u>(638)</u>
Total other financing sources (uses)	<u>(1,433,490)</u>	<u>(1,328,500)</u>	<u>(1,329,138)</u>	<u>(638)</u>
Net change in funds balance	100	(2,500)	1,117	3,617
Fund balance (deficit) at beginning of year	<u>(705)</u>	<u>(705)</u>	<u>(18,845)</u>	<u>(18,140)</u>
Fund balance (deficit) at end of year	<u>\$ (605)</u>	<u>\$ (3,205)</u>	<u>\$ (17,728)</u>	<u>\$ (14,523)</u>

Town of Vivian  
Vivian, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Vivian Industrial Development Fund  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Miscellaneous income	\$ 60,000	\$ 35,000	\$ 38,000	\$ 3,000
Intergovernmental	10,000	63,100	47,500	(15,600)
Investment earnings		500	733	233
Total revenues	<u>70,000</u>	<u>98,600</u>	<u>86,233</u>	<u>(12,367)</u>
<b>Expenditures:</b>				
Current:				
Capital outlay			124,535	(124,535)
General government	136,000	138,200	133,065	5,135
Debt service			2,000	(2,000)
	<u>136,000</u>	<u>138,200</u>	<u>259,600</u>	<u>(121,400)</u>
Excess (deficiency) of revenues over expenditures	<u>(66,000)</u>	<u>(39,600)</u>	<u>(173,367)</u>	<u>(131,767)</u>
<b>Other financing sources (uses):</b>				
Transfers in	144,163	133,500	132,914	(586)
Debt proceeds			94,422	94,422
Total other financing sources (uses)	<u>144,163</u>	<u>133,500</u>	<u>227,336</u>	<u>93,836</u>
Net change in funds balance	78,163	93,900	53,969	(39,931)
Fund balance at beginning of year	<u>444,534</u>	<u>444,534</u>	<u>358,649</u>	<u>(85,885)</u>
Fund balance at end of year	<u>\$ 522,697</u>	<u>\$ 538,434</u>	<u>\$ 412,618</u>	<u>\$ (125,816)</u>



Town of Vivian  
Vivian, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended June 30, 2014

Mayor - Stephen G. Taylor	\$ 26,600
Aldermen:	
Raymond Williams	3,300
John "Pete" Shepard	3,300
Mike VanSchoick	3,300
Belton Moore	3,300
Judy Wilson	3,300
	<hr/>
	\$ 43,100
	<hr/>

# COOK & MOREHART

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Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

Town of Vivian  
Vivian, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Vivian as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Vivian's basic financial statements, and have issued our report thereon dated February 11, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Vivian's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Vivian's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Vivian's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of current year audit findings as items 2014-1 and 2014-4, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Vivian's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings as items 2014-2 and 2014-3.

### **Town of Vivian's Response to Findings**

Town of Vivian's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings. Town of Vivian's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
February 11, 2015

Town of Vivian  
Vivian, Louisiana  
Summary Schedule of Prior Audit Findings  
June 30, 2014

There were one significant deficiency and one finding for the prior year audit for the year ended June 30, 2013:

**2013-1 Significant Deficiency**

*Significant Deficiency:* During our audit, we noted that there is not an adequate segregation of duties with regards to collections of traffic tickets. One of the individuals who is responsible for accepting payments is also responsible for updating payment information in the subsidiary ticket tracker software.

*Criteria:* An adequate segregation of duties should exist with regards to the receipt function and updating of subsidiary ticket tracker software program, to ensure that all payments entered into the software program were deposited.

*Cause:* The Town has a limited segregation of duties over its traffic ticket collections.

*Effect:* Without a proper segregation of duties, payment amounts could be entered into the subsidiary ticket tracker software incorrectly and not be detected. In addition, fines could be noted as paid in the software without those funds being deposited.

*Recommendation:* We recommend that the Town establish a proper segregation of duties with regards to collection of traffic ticket fines. We recommend that the individual responsible for updating the subsidiary ticket tracker software program not have access to receipts.

*Current Status:* See repeat deficiency in current year audit.

**2013-2 Finding**

*Finding:* The Town did not appropriately amend its budget for the General Fund and Sales Tax Fund, in accordance with the Local Government Budget Act. Total expenditures and other financing uses for the General Fund and Sales Tax Fund exceeded budgeted amounts by more than five percent for the year ended June 30, 2013.

*Recommendation:* We recommend that the Town monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

*Current Status:* See repeat finding in current year audit.

Town of Vivian  
Vivian, Louisiana  
Summary Schedule of Current Year Audit Findings  
June 30, 2014

There are two significant deficiencies and two findings for the current year audit for the year ended June 30, 2014:

**2014-1 Significant Deficiency**

*Significant Deficiency:* During our audit, we noted that there is not an adequate segregation of duties with regards to collections of traffic tickets. One of the individuals who is responsible for preparing deposits is also responsible for updating payment information in the subsidiary ticket tracker software.

*Criteria:* An adequate segregation of duties should exist with regards to the deposit function and updating of subsidiary ticket tracker software program, to ensure that all payments entered into the software program were deposited.

*Cause:* The Town has a limited segregation of duties over its traffic ticket collections.

*Effect:* Without a proper segregation of duties, payment amounts could be entered into the subsidiary ticket tracker software incorrectly and not be detected. In addition, fines could be noted as paid in the software without those funds being deposited.

*Recommendation:* We recommend that the Town establish a proper segregation of duties with regards to collection of traffic ticket fines. We recommend that the individual responsible for updating the subsidiary ticket tracker software program not have access to receipts.

*Response:* We have established a policy with segregation of duties regarding the collection of traffic fines. The individual responsible for updating the subsidiary ticket tracker software program will not have access to receipts. Payment of tickets will be received by a dispatcher who will write a receipt for the payment listing the ticket number on the receipt. The Assistant Chief or designee will receive the payments and receipts, and a deposit slip listing the name of payer with receipt number will be created and deposited into the bank. The deposit slip will be returned to the software operator who will record payments.

**2014-2 Finding**

*Finding:* The Town did not appropriately amend its budget for the General Fund and Vivian Industrial Development Fund, in accordance with the Local Government Budget Act. Total expenditures and other financing uses for the General Fund and Vivian Industrial Development Fund exceeded budgeted amounts by more than five percent for the year ended June 30, 2014.

*Recommendation:* We recommend that the Town monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

*Response:* The Town of Vivian will monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses exceed budgeted amounts by five percent or more.

(Continued)

Town of Vivian  
Vivian, Louisiana  
Summary Schedule of Current Year Audit Findings  
June 30, 2014  
(Continued)

**2014-3 Finding**

*Finding:* the Town did not submit the audit report for the fiscal year ended June 30, 2014 timely in accordance with state law.

*Recommendation:* We recommend the Town submit its audit report timely in the future.

*Response:* The Town will submit its audit report timely in the future.

**2014-4 Significant Deficiency**

*Significant Deficiency:* During our audit, we noted that bank reconciliations were not completed on a timely basis, and interagency transfers and due to / due from accounts were not reconciled on a monthly basis.

*Criteria:* Proper accounting controls require accounting records to be reconciled on a timely basis.

*Cause:* The Town experienced changes in its accounting area, and reconciliations were not done on a consistent basis.

*Effect:* Underlying accounting records were not reconciled and individual funds' financial accounting was not accurately reflected during the year. This caused a significant increase in audit time and a resulting delay in final accounting for the annual audit.

*Recommendation:* We recommend that the Town implement procedures to ensure that all bank reconciliations and interfund activity are reconciled on a monthly basis.

*Response:* Procedures are being implemented to ensure that all bank reconciliations and interfund activity are reconciled on a monthly basis.